

| Provision | Section in franchise or other agreement | Summary |
|---|--|---|
| | | franchise disclosure document, its exhibits, and amendments. |
| u. Dispute resolution by arbitration or mediation | Not applicable | |
| v. Choice of forum | 18.H of Franchise Agreement and 16 of Development Rights Agreement | Subject to state law, you must file suit only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We must file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Bakery is or was located or where the claim arose. |
| w. Choice of law | 18.G of Franchise Agreement and 16 of Development Rights Agreement | Texas law applies to all claims (subject to state law). |

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

I. 2023 Gross Sales for All Covered Bakeries

3 franchisees operated 4 Sprinkles Cupcakes Bakeries as of December 31, 2023, which is the last day of our 2023 fiscal year, from January 2, 2023 to December 31, 2023 (“**2023 Fiscal Year**”). Our affiliates operated 20 Sprinkles Cupcakes Bakeries as of December 31, 2023. (Our affiliates also operated 2 commissaries that do not sell products at retail, so we do not consider these commissaries to be Sprinkles Cupcakes Bakeries and we exclude them from this Item 19.) 1 of our affiliates’ Sprinkles Cupcakes Bakeries is at a non-traditional location in an amusement park where we do not expect our franchisees

would operate, so we exclude it from this Item 19. We also excluded 1 affiliate-operated Sprinkles Cupcakes Bakery that opened in July 2023 because it was not open for 12 months at the end of our 2023 Fiscal Year. This first financial performance representation provides the average Gross Sales (defined below) during the 2023 Fiscal Year for the remaining 18 Sprinkles Cupcakes Bakeries that our affiliates operated during all of the 2023 Fiscal Year (“**Covered Bakeries**”).

The Covered Bakeries include 8 Production Bakeries and 10 Pantry Bakeries. We do not expect that sales levels will differ materially depending on whether a location is a Production Bakery or a Pantry Bakery, although as described in the second financial performance representation, the cost structures are likely to vary depending on the type of Sprinkles Cupcakes Bakery.

We define Gross Sales in this Item 19 the same way we define them in Item 6, except that we do not imply or impute Gross Sales for comp sales in excess of 1% (like we do for franchisees, as described in Item 6). “**Gross Sales**” means all revenue that the bakery receives or otherwise derives from operations, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including (i) any implied or imputed Gross Sales from any business interruption insurance; and (ii) all revenue from selling products intended for off-premises consumption or use and from providing Delivery Service. However, “Gross Sales” excludes (a) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (b) any bona fide refunds and credits that are actually provided to customers; and (c) the face value of coupons or discounts that customers redeem.

2023 Fiscal Year Gross Sales

| | # of Bakeries | Average 2023 Gross Sales | #/% Exceeding Average | Highest Annual Gross Sales | Lowest Annual Gross Sales | Median Annual Gross Sales |
|-------------------------------|---------------|--------------------------|-----------------------|----------------------------|---------------------------|---------------------------|
| Top Third Covered Bakeries | 6 | \$2,512,665 | 3/50% | \$3,201,603 | \$2,043,167 | \$2,451,728 |
| Middle Third Covered Bakeries | 6 | \$1,798,454 | 3/50% | \$2,027,551 | \$1,599,403 | \$1,795,788 |
| Bottom Third Covered Bakeries | 6 | \$1,277,550 | 4/67% | \$1,513,695 | \$968,656 | \$1,349,755 |

Notes to First Financial Performance Representation

(1) The Covered Bakeries vary in terms of their location and operations. 4 of the Covered Bakeries operate as stand-alone Production Bakeries that do not make any Proprietary Mixes for or ship any products to other locations (other than off-site Cupcake ATMs) (“**Stand-Alone Bakeries**”). The Stand-Alone Bakeries operate in Chicago, Illinois, Washington, DC, Scottsdale, Arizona, and Houston (Rice Village), Texas. The remaining Covered Bakeries operate in one of our regions. The Florida region includes one Covered Bakery that operates as a Production Bakery and provides Proprietary Mixes to a Sprinkles Cupcakes Bakery at a non-traditional location. 4 Covered Bakeries are in the Texas region and operate in tandem with each other, with 2 Production Bakeries supporting 2 Pantry Bakeries (“**Texas Tandem Bakeries**”). One Covered Bakery is in the New York region. It is a Production Bakery that provided Proprietary Mixes to a third party national distributor up until September 2023, although we only include the Gross Sales at retail, and not the sales to the third party national distributor, in the figures we report above. Finally, the Southern California/Nevada region includes 8 Covered Bakeries that are Pantry Bakeries, along with 2 commissaries. (All non-traditional locations and commissaries are excluded from the group of Covered Bakeries.) 4 of the Covered Bakeries operate in urban/metro markets and the

remaining 14 in suburban markets. They range in size from 579 square feet to 2,936 square feet, with an average of 1,669 square feet. All 18 Covered Bakeries are in retail shopping centers or in-line store front locations. The Covered Bakeries face generally the same competition from other bakeries and dessert-focused foodservice outlets that we expect new franchisees will face.

(2) Except for the Stand-Alone Bakeries, the Covered Bakeries generally operate in clustered regions where other Sprinkles Cupcakes Bakeries had established a market presence. The Covered Bakeries that first opened in new markets did not benefit from an established trade identity in the market or from local marketing activities that other Sprinkles Cupcakes Bakeries had conducted. The Covered Bakeries in the top third of Gross Sales have operated for an average of 15 years, the Covered Bakeries in the middle third of Gross Sales have operated for an average of 9 years, and the Covered Bakeries in the bottom third of Gross Sales have operated for an average of 7 years. The more mature Covered Bakeries have had more time to develop a base of customers and generate brand awareness in their markets than the newer Covered Bakeries. The Covered Bakeries' Gross Sales levels also varied based on the competition in the local market, their pricing decisions, and the quality of the management and service at the Covered Bakery. Each of the Covered Bakeries offers primarily the same products and services that we expect new Sprinkles Cupcakes Bakeries to offer.

(3) These Gross Sales figures include amounts for cupcakes that the Covered Bakeries sold through Cupcake ATMs. 12 of the 18 Covered Bakeries (including 5 of the Covered Bakeries in the top third of Gross Sales for the 2023 Fiscal Year, 3 in the middle third, and 4 in the bottom third) have on-site Cupcake ATMs that are attached to or otherwise part of the bakery's location. These Covered Bakeries sell cupcakes to customers directly through these on-site Cupcake ATMs and the Gross Sales figures reflect the revenue from these sales. We expect most franchisees will have on-site Cupcake ATMs attached to their Bakeries.

As of December 31, 2023, 7 of the 18 Covered Bakeries had contracted with a third party who buys cupcakes from the Covered Bakery and resells them to customers at off-site Cupcake ATMs which the third party maintains. The Gross Sales figures reflect the amounts that the third party pays to those 7 Covered Bakeries for those cupcakes (net of discounts). Gross Sales from the off-site Cupcake ATMs constituted between 1.3% and 39.5% of their Gross Sales for the year, depending on the number of machines they supply and the number of months contracted. We expect most franchisees will have the option to sell cupcakes to our designated third party who will resell them to customers at off-site ATMs.

As of December 31, 2023, 3 of the 18 Covered Bakeries had contracted with a third party who purchased cupcakes from the Covered Bakery and resold them to customers at bakeries owned and maintained by the third party. The Gross Sales figures reflect the amounts that the third party paid to these 3 Covered Bakeries for those cupcakes (net of discounts). Gross Sales from the third party constituted between 7.8% and 18.4% of their Gross Sales for the year, depending on the number of months contracted. This agreement was completed at the end of Fiscal Year 2023 and is not anticipated to resume.

(4) This financial performance representation does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Sprinkles Cupcakes Bakery. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

II. 2023 EBITDAR for Certain Bakeries.

In this second financial performance representation, we provide the sales, certain expenses and profit information for 2 sets of Covered Bakeries: the 4 Stand-Alone Bakeries and the 4 Texas Tandem

Bakeries. The cost structures for the other 10 Covered Bakeries are atypical for a number of reasons. The Covered Bakery in the Florida region provides Proprietary Mixes to a non-traditional location (which is not a Covered Bakery), the Covered Bakery in the New York region provided Proprietary Mixes to a third party national distributor through September 2023, and the 8 Covered Bakeries in the Southern California/Nevada region are Pantry Bakeries whose cupcakes are prepared at 2 commissaries. These Production Bakeries or commissaries bear the costs of goods sold and much of the labor costs associated with preparing the cupcakes that the Pantry Bakeries or non-traditional locations sell. This creates significant challenges in allocating production costs accurately among those bakeries. We also do not expect franchisees to operate their Bakeries at non-traditional locations or to use a commissary model. Therefore, this second financial performance representation lists the average Gross Sales, cost of goods sold (as further defined below, “COGS”), Labor Costs (defined below), Direct Operating Expenses (defined below), Marketing Expenses (defined below), imputed royalties, and earnings before interest, taxes, depreciation, amortization and rent (as further defined below, “EBITDAR”) during the 2023 Fiscal Year for the 4 Stand-Alone Bakeries and the 4 Texas Tandem Bakeries.

A. 2023 EBITDAR for Stand-Alone Bakeries.

As described above, the 4 Stand-Alone Bakeries are Production Bakeries operating on a stand-alone basis that do not make any Proprietary Mixes for or ship any products to associated Pantry Bakeries or other locations (other than off-site Cupcake ATMs). For this reason, we expect the cost structures for the Stand-Alone Bakeries will be similar to the cost structures that we expect franchisees to experience with their stand-alone Production Bakeries. While some franchisees will develop Production Bakeries that will eventually service Pantry Bakeries, their first Production Bakeries initially will operate on a stand-alone basis. Some franchisees also might choose to develop only stand-alone Production Bakeries based on the rent, geography and other aspects of the market in which those franchisees will develop their Sprinkles Cupcakes Bakeries.

The 4 Stand-Alone Bakeries operate in Chicago, Illinois, Washington, DC, Scottsdale, Arizona, and Houston (Rice Village), Texas. 1 is located in urban markets and 3 are in suburban markets. They range in size from 1,549 square feet to 2,818 square feet, with an average of 2,021 square feet. All are in retail shopping centers or in-line store front locations. They have operated for an average of 10 years. The Stand-Alone Bakeries provide the same products and services and face generally the same competition from other bakeries and dessert-focused foodservice outlets that we expect new franchisees will provide and face. The 4 Stand-Alone Bakeries ranked #4, #6, #7, and #18 of the 18 Covered Bakeries in terms of their total Gross Sales for the 2023 Fiscal Year. 3 of the Stand-Alone Bakeries have Cupcake ATMs attached to the Bakery. As of December 31, 2023, 2 of the Stand-Alone Bakeries had contracted with a third party to operate off-site Cupcake ATMs. Gross Sales from the off-site ATMs constituted 14.8% and 15.7% of those bakeries’ Gross Sales for the 2023 Fiscal Year. As of December 31, 2023, 1 of the Stand-Alone Bakeries had contracted to sell cupcakes at a third party location. Gross Sales from the third party constituted 18.4% of that bakery’s Gross Sales for the 2023 Fiscal Year.

2023 Fiscal Year EBITDAR for Stand-Alone Bakeries

| | Average | % of Gross Sales | #/% exceeding results (higher sales/profit or lower cost) | Median |
|------------------------------------|-------------|------------------|---|-------------|
| Average Gross Sales | \$1,819,753 | | 3/75% | \$2,032,780 |
| Average COGS | \$382,590 | 21.0% | 2/50% | \$402,989 |
| Average Gross Profit | \$1,437,163 | 79.0% | 3/75% | \$1,629,791 |
| Average Labor Costs | \$537,215 | 29.5% | 1/25% | \$508,032 |
| Average Direct Operating Expenses | \$312,463 | 17.2% | 2/50% | \$331,837 |
| Average Controllable Profit | \$587,485 | 32.3% | 3/75% | \$720,579 |
| Average Marketing Expenses | \$92,720 | 5.1% | 3/75% | \$104,732 |
| Average Imputed Royalty | \$90,988 | 5.0% | 3/75% | \$101,639 |
| Average EBITDAR | \$403,777 | 22.2% | 3/75% | \$505,339 |

The highest annual Gross Sales for the 4 Stand-Alone Bakeries during the 2023 Fiscal Year was \$2,240,533 and the lowest Gross Sales was \$972,921.

B. 2023 EBITDAR for Texas Tandem Bakeries.

There are 4 Texas Tandem Bakeries. One is a Production Bakery in Dallas that provides Proprietary Mixes to a Pantry Bakery in Plano. One is a Production Bakery in Houston that provides Proprietary Mixes to a Pantry Bakery in Austin. While it is challenging to allocate production costs accurately between a Production Bakery and the Pantry Bakery it services, in this financial performance representation we are averaging the sales and certain expenses of both the Production Bakeries and the Pantry Bakery it services. For this reason, we expect the cost structures for the Texas Tandem Bakeries will, on average, be similar to the cost structures that we expect franchisees to experience if they develop a Production Bakery that services a Pantry Bakery.

All 4 of the Texas Tandem Bakeries are located in suburban markets. They range in size from 1,392 square feet to 3,000 square feet, with an average of 2,065 square feet. All are in retail shopping centers or in-line store front locations. They have operated for an average of 10 years. The Texas Tandem Bakeries provide the same products and services and face generally the same competition from other bakeries and dessert-focused foodservice outlets that we expect new franchisees will provide and face. The 4 Texas Tandem Bakeries ranked #1, #10, #12, and #15 of the 18 Covered Bakeries in terms of their total Gross Sales for the 2023 Fiscal Year. As of December 31, 2023, 2 of the Texas Tandem Bakeries had

contracted with a third party to operate off-site Cupcake ATMs. Gross Sales from the off-site ATMs constituted 12.2% and 17.3% of those bakeries' Gross Sales for the 2023 Fiscal Year. As of December 31, 2023, 2 of the Texas Tandem Bakeries had contracted to sell cupcakes at a third party location. Gross Sales from the third party constituted 7.8% and 9.1% of those bakeries' Gross Sales for the 2023 Fiscal Year.

2023 Fiscal Year EBITDAR for Texas Bakeries

| | Average | % of Gross Sales | #/% exceeding results (higher sales/profit or lower cost) | Median |
|------------------------------------|-------------|------------------|---|-------------|
| Average Gross Sales | \$1,955,033 | | 2/50% | \$1,632,897 |
| Average COGS | \$454,289 | 23.2% | 2/50% | \$385,004 |
| Average Gross Profit | \$1,500,744 | 76.8% | 1/25% | \$1,247,893 |
| Average Labor Costs | \$559,506 | 28.6% | 1/25% | \$504,355 |
| Average Direct Operating Expenses | \$339,723 | 17.4% | 1/25% | \$330,849 |
| Average Controllable Profit | \$601,515 | 30.8% | 1/25% | \$468,700 |
| Average Marketing Expenses | \$100,456 | 5.1% | 1/25% | \$83,474 |
| Average Imputed Royalty | \$97,752 | 5.0% | 1/25% | \$81,645 |
| Average EBITDAR | \$403,307 | 20.6% | 2/50% | \$303,581 |

The highest annual Gross Sales for the 4 Texas Tandem Bakeries during the 2023 Fiscal Year was \$3,204,186 and the lowest Gross Sales was \$1,350,151.

Notes to Second Financial Performance Representation

(1) We calculated Gross Sales for the Stand-Alone Bakeries and the Texas Tandem Bakeries the same way we calculated Gross Sales for all of the Covered Bakeries in the first financial performance representation.

(2) COGS includes all costs for food and food-related supplies, decorations and packaging (including bags, napkins and wrappers), including delivery costs for these items. COGS varies depending on a bakery's location, menu, product promotions, variances in suppliers' prices, and temporary shortages.

(3) Average Gross Profit is the average Gross Sales less the average COGS.

(4) **“Labor Costs”** includes the front-of-house and back-of-house hourly labor and the salaries and benefits (including bonuses) for a general manager and 2 assistant managers at each Stand-Alone Bakery or Texas Tandem Bakery. Labor Costs also includes payroll taxes for these employees. The payroll and related costs for the Stand-Alone Bakeries and Texas Tandem Bakeries varied over the course of 2023 with the recent increase in minimum wage rates. This category does not include any salaries or other costs for our affiliate’s Senior Vice President of Operations who oversees the Stand-Alone Bakeries and Texas Tandem Bakeries or for any area directors or other multi-unit managers. It also does not include any salaries or other costs for employees at our headquarters and in the field who provide services to all or a number of the Stand-Alone Bakeries and Texas Tandem Bakeries. Some of these services include lease negotiation and administration, assistance with licenses and permits, contract negotiation and administration, local marketing assistance, information technology services, finance and accounting services, training, and human resources.

(5) **“Direct Operating Expenses”** includes other expenses that directly relate to the applicable bakery operations, such as smallwares and equipment; repair and maintenance costs, but only those that are not capitalized under generally accepted accounting principles; computer software, telephone/Internet and other IT-related charges; credit card fees; office and cleaning supplies; contract services like trash removal, landscaping, security/monitoring systems, pest control, snow removal and window cleaning, the costs for which can vary widely depending on the bakery’s location; utilities, if they are not covered as part of rent; travel costs; and insurance costs. The Direct Operating Expenses varied among the Stand-Alone Bakeries and Texas Tandem Bakeries based on factors like the bakery’s age, the state and municipality where the Bakery is located (because of variations in license fees), and internal administrative costs for tasks like travel, payroll and bookkeeping.

(6) Average Controllable Profit is the average Gross Sales less the average COGS, Labor Costs and Direct Operating Expenses.

(7) **“Marketing Expenses”** includes the actual amounts that the Stand-Alone Bakeries and Texas Tandem Bakeries spent on local marketing plus the share of the total costs for national, regional and system-wide advertising, marketing and promotional programs, including guest services expenses, that our affiliates allocated to the bakeries. Brand Fund contributions equal 2% of Gross Sales from all franchised and affiliate-owned Sprinkles Cupcakes Bakeries (other than those at non-traditional locations), including the Stand-Alone Bakeries and Texas Tandem Bakeries. We also currently require franchisees to spend 2% of Gross Sales on Local Marketing. So while the maximum Marketing Spending Requirement we can impose during the Franchise Agreement’s term is 5% of Gross Sales, the current requirement is only 4% of Gross Sales. Therefore these Marketing Expense figures reflect a higher spend than our current minimum requirements for franchisees.

(8) Our affiliates do not pay us royalties for the Stand-Alone Bakeries or Texas Tandem Bakeries. For these financial performance representations we have imputed royalties equal to 5% of Gross Sales for the Bakeries.

(9) EBITDAR means the average earnings before interest, taxes, depreciation, amortization, and rent/real property costs for the Stand-Alone Bakeries or the Texas Tandem Bakeries. EBITDAR is a measure of store-level cash flow that is commonly used in the restaurant industry. As is customary, it excludes expenses related to the acquisition or lease of real property (including all payments made under the real property leases for the bakeries, such as rent, common area maintenance charges, and utilities that are collected as part of rent), as well as all debt service costs, whether principal or interest. EBITDAR is not the amount of net profit that the Stand-Alone Bakeries or Texas Tandem Bakeries generate because EBITDAR does not account for all costs and expenses that a Sprinkles Cupcakes Bakery incurs. In addition to the costs and expenses described above as being excluded from the EBITDAR calculation, these financial

performance representations do not include any amounts for the initial franchise fees that franchisees pay us under the Franchise Agreement or any compensation to the franchisee's owners.

We calculated the figures in the tables above using information that our affiliates provided. Upon your reasonable request, we will provide written substantiation for these financial performance representations.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Gillie, our Director of Development, at 7710 Rialto Blvd Suite 150 Austin, Texas 78735, and (737) 256-6681, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All numbers appearing in Tables 1 – 5 below are as of December 31 in each year. Our affiliate operates the Sprinkles Cupcakes Bakeries listed as "company-owned."

Table No. 1 Systemwide Outlet Summary For years 2021 to 2023

| Column 1 Outlet Type | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets at the End of the Year | Column 5 Net Change |
|---------------------------------|----------------------|--|--|--------------------------------|
| Franchised | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | +1 |
| | 2023 | 1 | 4 | +3 |
| Company-Owned | 2021 | 20 | 20 | 0 |
| | 2022 | 20 | 22 | +2 |
| | 2023 | 22 | 20 | -2 |
| Total Outlets | 2021 | 20 | 20 | 0 |
| | 2022 | 20 | 23 | +3 |
| | 2023 | 23 | 24 | +1 |